

# SUBJECT V TYPES OF CORPORATIONS

# I. Private Corporation

## A. Definition

- incorporated firm whose shares are not publicly traded, and are held by a small number of stockholders

## B. Qualifications

- usually max number of shareholders
- ont. max 50 outside of employees (back then, when no e-mails, would be hard to distribute info., causes sktechy situations... but now with e-mails, provinces are dropping the limit, also canada (no limit).

# II. Distributing Corporation

## A. Definition

Reg. 2(1)(b) A corporation that:

- i) has filed a prospectus in Canada
- ii) has securities listed in Canada
- iii) is merging with i) or ii) corp.

## B. Exception

- application by corporation (s.2(6)).
- ... does the second company have the capacity to take the company private

# II. Distributing Corporation

## C. Going Public

### 1. IPO?

- underwriters (they buy your shares and sell ot to account holders usually at a premium)
- Dutch auction (going straight to the public)

# II. Distributing Corporation

## C. Going Public

### 2. Why go Public?

- financing future projects
- return capital to investors
- increase shareholders liquidity
- increase exposure
- legal obligation

# II. Distributing Corporation

## C. Going Public

### 3. Levels / Sources

- pink sheets
- OTC
- exchanges

D) Disclosing (no one should have more info than someone else - insider trading)

1. Obligation

2. To whom?

- System for electronic document analysis and retrieval (SEDAR)

3. Whats?

- periodic filing

. annual information form (AIF) --> operation, financial and property info of the company

. management info. circular (MIC)

. shareholders meetings, background info, BOD, compensation

- event-driven filing

. material info (news release).

. rights offering